

Disposition of Prior Year Audit Recommendations

The following audit recommendations are summarized from the Statewide Audit for Fiscal Years 1997 through 2001 and include only the recommendations not implemented in those fiscal years. The Statewide Audit includes both financial audit and Single Audit recommendations.

Report and Rec. No.	Recommendation	Disposition
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Department of Agriculture

2001 Single Audit Rec. No. 1	Complete a review of employee personnel files and reconfirm that withholding documentation is accurate and complete.	Implemented.
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Department of Corrections

2001 Single Audit Rec. No. 2	Review the policy on communicating employee status changes with department supervisors.	Implemented.
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Department of Health Care Policy and Financing

2001 Single Audit Rec. No. 3	Ensure all accounts receivable balances are reconciled on a periodic basis and all federal receivables not subsequently collected are resolved within one year.	Implemented.
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**Report and
Rec. No.**

Recommendation

Disposition

2001 Single Audit
Rec. No. 38

Ensure payments are made only for allowable costs by (a) requiring current Electronic Data Interchange agreements for every provider, (b) establishing procedures to test providers' compliance with established requirements, (c) ensuring transportation payments are made only to authorized providers, and (d) establishing reviews of the Medicaid claims process.

a. Partially implemented. The Department has worked with the fiscal agent, Affiliated Computer Services (ACS), to update Electronic Data Interchange (EDI) agreements. ACS has currently updated 2,250 provider files with EDI agreements. See current year Recommendation No. 26.

b. Partially implemented. The Department initiated a process during the third quarter of Fiscal Year 2002 to randomly test three pharmacies per quarter to review signature logs and applicable credits. We will continue follow-up on newly implemented departmental procedures in Fiscal Year 2003. See current year Recommendation No. 24.

c. Partially implemented. Effective May 1, 2002 the Non-Emergent Medical Transportation (NEMT) regulations were changed to require every transportation trip to have prior authorized by the county or the county's transportation broker. The Department will be disenrolling all transportation providers from the Medicaid Management Information System (MMIS) effective October 1, 2002. We will continue our follow-up in Fiscal Year 2003.

d. Partially implemented. See current year Recommendation No. 24.

**Report and
Rec. No.**

Recommendation

Disposition

2001 Single Audit
Rec. No. 39

Ensure adequate controls are in place over automated systems for the Medicaid program by (a) performing and documenting the required biennial risk analysis for the Medicaid Management Information System (MMIS) and (b) implementing a regular, systematic, independent assessment of controls over MMIS.

Implemented.

2001 Single Audit
Rec. No. 40

Strengthen controls over the eligibility process by (a) working with the Department of Human Services to ensure all county departments of social services are maintaining adequate files for Medicaid-eligible beneficiaries. (b) establishing control procedures to ensure claims are not paid for an individual who is ineligible for benefits, and (c) performing periodic random testing of eligibility claims.

a. Partially implemented. The Department will continue to conduct federally approved quality control pilots to monitor eligibility determinations that will include case file reviews.

Additionally the Department will develop a comprehensive procedures manual to be used by county departments of social services. This manual will include proper case file maintenance procedures. The manual is scheduled to be completed July 2003.

b. Partially implemented. The change to the MMIS is still in progress with respect to recovering improperly paid capitation claims. Policy decisions have been resolved and the required change to MMIS is in development. The expected completion for the change is December 2002.

c. Not implemented. See current year Recommendation No. 25.

**Report and
Rec. No.**

Recommendation

Disposition

2001 Single Audit
Rec. No. 41

Improve controls over provider eligibility by (a) requiring that the fiscal agent ensure each file includes documentation of a current provider agreement and applicable provider licenses and registrations, (b) ensuring expenditures are made only to eligible providers, and (c) formalizing a five-year strategic plan for provider reenrollment.

a. Partially implemented. The Department continues to work on updating the provider files. There have been updates of EDI agreements to the provider files as well as the termination of providers who are not eligible to provide services in the Medicaid program. Updating provider files is part of the Department's five-year plan to improve provider information. The Health Insurance Portability and Accountability Act may alter the Department's five-year plan depending on the mandated requirements. See current year Recommendation No. 26.

b. Partially implemented. As part of the Department's process of updating the provider files, the Department terminated 746 providers who were not eligible to provide services in the Medicaid program. This was largely a manual process as complete electronic data matches of licenses are not possible at this time. We will continue our follow-up in Fiscal Year 2003.

c. Partially implemented. A strategic plan was submitted to the State Auditor's Office in May 2002. The Department has terminated 746 providers who are not eligible to provide services in the Medicaid program updated the files of 2,250 providers with their EDI agreements. We will continue our follow-up in Fiscal Year 2003.

**Report and
Rec. No.**

Recommendation

Disposition

2001 Single Audit
Rec. No. 42

Improve documentation of program integrity cases by (a) ensuring all cases are handled consistently and timely and (b) requiring that case files contain all required supporting documentation and approvals.

Implemented.

2001 Single Audit
Rec. No. 43

Require a periodic review of eligibility determination for the Children's Basic Health Plan to ensure proper enrollment.

Implemented.

2001 Single Audit
Rec. No. 44

Modify the Interagency Agreement with the Department of Human Services for single entry point (SEP) subrecipient monitoring by (a) conducting risk assessments for each SEP to evaluate the need for an on-site financial review and (b) requiring that all SEPs receive an on-site financial review within a reasonable period of time.

a. Partially implemented. The Department met with the Department of Human Services and developed a prioritized list of Options Long Term Care agencies, or single entry point (SEP) subrecipients, for compliance reviews based upon when the last financial compliance review was completed and any current financial concerns. The Department expects that five SEP agencies will receive an onsite Financial Compliance Review for Fiscal Year 2003. We will continue our follow-up in Fiscal Year 2003.

b. Not implemented. Due to budget constraints, the Department has been unable to secure funding to conduct on-site Financial Compliance Reviews for all SEP agencies. We will continue our follow-up in 2003.

**Report and
Rec. No.**

Recommendation

Disposition

2001 Single Audit
Rec. No. 45

Ensure claims processed through MMIS are accurate and allowable under the Medicaid program by (a) establishing performance measures for claims processing, (b) conducting regular claims audits, (c) reporting all errors and problems identified in the claims audit, and (d) ensuring corrective action plans are developed and implemented in a timely manner.

- a. Implemented.
- b. Partially implemented. Department staff completed only two claims audits, or Claims Processing Assessment System (CPAS) reviews, during Fiscal Year 2002 rather than completing the reviews quarterly. In Fiscal Year 2003, the Department plans to complete two CPAS reviews. Department staff explained that the CPAS reviews are not currently a priority for the Department and that the Department's first priority is complying with the federal Health Insurance Portability and Accountability Act. Staff report that budget reductions require that the Department focus its resources on this project, leaving little time for CPAS reviews. We will continue our follow-up in 2003.
- c. Implemented.
- d. Partially implemented. Department staff report that they resolved all findings of the most recent CPAS review without a formal corrective action plan. Staff tracked resolution informally through meeting notes. Thus, we could not identify corrective actions taken in response to the CPAS review. We will continue our follow-up in 2003.

**Report and
Rec. No.**

Recommendation

Disposition

2001 Single Audit
Rec. No. 46

Ensure claims processed are accurate and allowable by requiring the fiscal agent to (a) expand quality assurance procedures for testing the accuracy of data entry on paper claims, (b) conduct regular audits of paid claims on a defined percentage of processed claims, and (c) increase oversight of edit resolution claim technicians and reassess production requirements to ensure suspended claims are appropriately resolved.

Implemented.

2001 Single Audit
Rec. No. 47

Establish the review of MMIS edits, edit dispositions, and edit resolution text as a high priority.

Partially implemented. Department staff completed a cursory review of all edits in December 2001. Staff are still reviewing more complicated edits (e.g., edits testing for duplicate claims or edits with utilization review criteria). The edit review process slowed down when Department staff reduced the frequency of edit review meetings to biweekly in order to focus on HIPAA issues. Further, because the Department does not sufficiently document the edit review process, we could not determine how much progress the Department has made in reviewing all edits. Additionally, Department staff reported that only "active" edits are being reviewed. Thus, any edits improperly set to "off" will not be found through the edit review process currently in place. The fiscal agent has developed and implemented improved training and monitoring procedures. We will continue our follow-up in 2003.

**Report and
Rec. No.**

Recommendation

Disposition

2001 Single Audit
Rec. No. 48

Develop and implement adequate controls over the provider database in MMIS by establishing formal policies, procedures, and time frames for (a) routine reenrollment of Medicaid providers, (b) deactivation of providers who have not submitted claims to the Medicaid program for specified lengths of time, and (c) periodic data matches on provider credential information with other state agencies that regulate Medicaid providers.

- a. Implemented.
- b. Implemented.
- c. Partially implemented. In order to perform the data match that led to the February 19, 2001 termination of providers with inactive licenses, the Department had to hire a temporary FTE to manually match files on a tape from the Department of Regulatory Agencies with providers in MMIS. Department staff reported that it is unlikely that they will have the resources to hire temporary employees for future manual data matches. We will continue our follow-up in 2003.

2001 Single Audit
Rec. No. 49

Establish routine communication on disciplinary actions taken by other state agencies that regulate Medicaid providers.

Implemented.

2001 Single Audit
Rec. No. 50

Implement edits in MMIS to review laboratory claims for compliance with Clinical Laboratory Improvement Amendment (CLIA) requirements in accordance with state Medicaid policy.

Not implemented. The CLIA edits had not been reviewed by the Department at the time of our follow-up work. We will continue our follow-up in 2003.

**Report and
Rec. No.****Recommendation****Disposition**

2001 Single Audit
Rec. No. 51

Work with the General Assembly to develop more appropriate service limits for HCBS and home health services.

Deferred. The Department reports that it has made recommendations to the Joint Budget Committee as part of the Fiscal Year 2004 budget process relating to developing more appropriate service limits. Final budgetary decisions have not yet been made. We will continue our follow-up in Fiscal Year 2003.

2001 Single Audit
Rec. No. 52

Routinely monitor the overall costs of skilled and unskilled care for individuals in community settings.

Implemented.

2001 Single Audit
Rec. No. 53

Monitor the implementation of the home health rules.

Implemented.

2001 Single Audit
Rec. No. 54

Increase the value added by its Program Integrity Unit.

Implemented.

2001 Single Audit
Rec. No. 55

Work with the State's Fiscal Agent to implement additional system edits and controls. Further, the Department should perform ongoing reviews of the edits in place.

Partially implemented. The Department has worked with the State Fiscal Agent to add the necessary system edits and controls to address the types of issues identified in the audit. We will continue our follow-up in Fiscal Year 2003.

**Report and
Rec. No.**

Recommendation

Disposition

2001 Single Audit
Rec. No. 56

Evaluate the costs and benefits of combining assessment and eligibility determination, and establish an independent review of these processes.

Partially implemented. The Department is redesigning the long-term benefit eligibility process. The new instrument is about to undergo testing and rules are being promulgated that could make the new process effective as early as April 2003. This will combine initial and subsequent determinations and be administered by the Single Entry Point agencies and utilization review contractors. We will continue our follow-up in Fiscal Year 2003.

2001 Single Audit
Rec. No. 57

Include enforcement actions in the SEP contracts.

Implemented.

1999 Single Audit
Rec. No. 6

Recognize and work to meet federal limits for non-benefit activity costs under the Children's Health Insurance Program.

Implemented.

1999 Single Audit
Rec. No. 29

Ensure that all nursing facilities receive in-depth reviews of billing practices and personal needs funds on a systematic basis.

Partially implemented. The Department expects to have personnel in the field by January 2003. We will continue our follow-up in Fiscal Year 2003.

1999 Single Audit
Rec. No. 30

Undertake a comprehensive review of high-risk programs that result in inappropriate payments, and modify policies and procedures to prevent payment of inappropriate claims.

Partially implemented. The Department expects to have reviews begin during 2003. We will continue our follow-up in Fiscal Year 2003.

Report and Rec. No.	Recommendation	Disposition
Children's Basic Health Plan		
2000 Single Audit Rec. No. 41	The Children's Basic Health Plan Policy Board and the Department of Health Care Policy and Financing should identify options for reducing administrative layers and costs for the Children's Basic Health Plan and submit recommended changes to the General Assembly as needed.	Implemented.
2000 Single Audit Rec. No. 50	Ensure consistent and accurate eligibility data are reflected online at Anthem and Child Health Advocates.	Implemented.
Department of Health Care Policy and Financing and Department of Human Services		
2001 Single Audit Rec. No. 4	Work together to assign responsibilities for overall cost control over Medicaid funding for Department of Human Services.	Implemented.
2001 Single Audit Rec. No. 5	Operate within their fixed budgets when possible, and identify and request approval for unavoidable overexpenditures in a timely manner.	Implemented.
2001 Single Audit Rec. No. 6	Improve coordination and communication to ensure that expenditures are appropriately and consistently charged and that expenditures are transferred timely.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2001 Single Audit Rec. No. 7	Institute a quarterly process for reviewing and reconciling Medicaid expenditures for Department of Human Services programs recorded at the Department of Health Care Policy and Financing.	Implemented.
2001 Single Audit Rec. No. 8	Improve management of Medicaid funds by (a) establishing monthly reconciliation processes within Medicaid-funded programs and (b) implementing an analytical review process over Medicaid activity.	Implemented.
2001 Single Audit Rec. No. 9	Follow generally accepted accounting principles related to accounts payable by (a) calculating appropriate year-end estimates and (b) reviewing expenditures charged to accounts payable after year-end.	Implemented.

Department of Higher Education

Colorado Historical Society

2001 Single Audit Rec. No. 10	Ensure the Byers-Evans House submits cash register tapes with all revenue remittances.	Implemented.
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University of Colorado at Boulder

2001 Single Audit Rec. No. 58	Ensure that review of audit reports of subrecipient monitoring activity addresses proper review and resolution of findings noted in the reports.	Implemented.
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Report and Rec. No.	Recommendation	Disposition
University of Colorado - Colorado Springs		
2000 Single Audit Rec. No. 6	Strengthen processes over fixed assets.	Implemented.
Colorado Student Loan Division		
1999 Single Audit Rec. No. 37	Continue to exercise due diligence to obtain information from the lenders on loans closed by the lender.	Implemented.
University of Southern Colorado		
2001 Single Audit Rec. No. 59	Should (a) ensure the promissory notes addendum is provided to students and included in their files, (b) ensure timely contact with borrowers during grace periods, (c) obtain adequate documentation from students for loan deferments or cancelled loans, (d) ensure contact with borrowers in default is performed as required, (e) conduct exit counseling with borrowers, (f) ensure those responsible for the federal Perkins Loan Program are properly trained, and (g) consider outsourcing the federal Perkins loan database administration and collection functions.	Partially implemented. The University has implemented procedures to address all parts of the recommendation except for part (c). We noted instances in our current year testing where documentation supporting the reason for the deferment or cancellation of loan payments was not evident in the student's loan file. See current year Recommendation No. 39.
2001 Single Audit Rec. No. 60	Implement procedures to ensure that returns of Title IV funds are calculated accurately for all students, and returned to Title IV programs on a timely basis.	Implemented.

**Report and
Rec. No.****Recommendation****Disposition****University of Northern Colorado**

2001 Single Audit Rec. No. 61	Change the beginning of the grace period for Perkins loan borrowers who withdraw from the University or drop to less than half-time enrollment.	Implemented.
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Colorado School of Mines

2001 Single Audit Rec. No. 62	Ensure subrecipient files are properly maintained, and provide documentation for the subrecipient monitoring that has occurred.	Not implemented. See current year Recommendation No. 54.
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2001 Single Audit Rec. No. 63	Ensure counseling sessions are performed and documented.	Implemented.
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Department of Human Services

2001 Single Audit Rec. No. 11	Record expenditures within the proper appropriations and reverse unused accounts payable accruals.	Partially implemented. We identified several unused accounts payable accruals that were not reverted timely. We will continue our follow-up in Fiscal Year 2003.
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2001 Single Audit Rec. No. 12	Improve controls over fixed assets by (a) completing quarterly reconciliations between fixed asset expenditures and additions to fixed assets and (b) correcting identified errors on COFRS prior to fiscal year-end.	Not implemented. We continued to identify weaknesses in the Department's controls over fixed assets. We will continue our follow-up in Fiscal Year 2003.
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2001 Single Audit Rec. No. 13	Ensure securities held as retainage for construction projects are recorded in COFRS accurately and in a timely manner.	Implemented.
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Report and Rec. No.	Recommendation	Disposition
2001 Single Audit Rec. No. 64	Develop a formalized process for on-site monitoring of county activities for the TANF program to ensure that federal and state requirements are met, including a time frame for conducting county reviews and specific steps for performing follow-up.	Implemented.
2001 Single Audit Rec. No. 65	Ensure adequate controls over fraud and abuse in the TANF program by counties by (a) requiring counties to submit standards and procedures, (b) reviewing these standards and procedures for compliance to the State Plan, (c) developing a formal process that includes a monitoring schedule for reviews of county fraud procedures and cases, and (d) following up on problems identified during county reviews.	Implemented.
2001 Single Audit Rec. No. 66	Ensure federal funds are drawn down in a timely manner for all federal programs.	Partially implemented. See current year Recommendation No. 61.
2001 Single Audit Rec. No. 67	Improve inventory controls for the Food Distribution Program by (a) resolving identified discrepancies and (b) developing formal procedures for tracking commodities.	Partially implemented. While the Department has made improvements in this area, we continued to identify problems with one distributor. We will continue our follow-up in Fiscal Year 2003.
2001 Single Audit Rec. No. 68	Segregate duties within the Food Distribution Program.	Implemented.
2001 Single Audit Rec. No. 69	Improve controls over the Vocational Rehabilitation program to ensure compliance with federal and state regulations by (a) reinstating on-site quality assurance reviews and (b) documenting supervisory review procedures.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2001 Single Audit Rec. No. 70	Strengthen fiscal controls and accounting procedures over reporting for the Vocational Rehabilitation Program by (a) maintaining adequate documentation, (b) reviewing reports prior to submission, and (c) documenting procedures for preparation of the reports.	Implemented.
2001 Single Audit Rec. No. 71	Should (a) develop and/or formalize policies and procedures for all CFMS functional areas, (b) perform a comprehensive review of existing policies and procedures, (c) perform periodic review of policies and procedures, and (d) establish a process to monitor compliance with policies and procedures.	Implemented.
2001 Single Audit Rec. No. 72	Require DynCorp to review the current database access structure for appropriate segregation of duties. The Department should establish procedures that require appropriate authorization of logical access and change database passwords periodically.	Implemented.
2001 Single Audit Rec. No. 73	Modify the agreement with DynCorp to include responsibility for application change management.	Implemented.
2001 Single Audit Rec. No. 74	Require DynCorp to strengthen adherence to application change management policies and procedures.	Implemented.
2001 Single Audit Rec. No. 75	Develop, formalize, and monitor policies and procedures related to database administration.	Implemented.

Report and Rec. No.	Recommendation	Disposition
2001 Single Audit Rec. No. 76	Designate a UNIX administrator.	Implemented.
2001 Single Audit Rec. No. 77	Consider utilization of database audit functionality.	Implemented.
2001 Single Audit Rec. No. 78	Should (a) strengthen adherence to application user access setup policies, (b) eliminate all generic user IDs with published passwords, and (c) review user access periodically.	Implemented.
2001 Single Audit Rec. No. 79	Review positions and responsibilities to ensure all critical duties are performed in a timely manner while maintaining an appropriate segregation of duties.	Implemented.
2001 Single Audit Rec. No. 80	Work with the Department of Health Care Policy and Financing to identify the most cost-effective methods for having financial compliance reviews completed more frequently.	Not implemented. Although the Departments met at the beginning of Fiscal Year 2002 to develop a schedule for financial compliance reviews, the frequency of reviews has not been increased due to a lack of funding. We will continue our follow-up in Fiscal Year 2003.

**Report and
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Disposition

2000 Single Audit Rec. No. 12	Improve the audit process for the purchasing card program by (a) performing monthly reviews of transactions or cardholders, (b) documenting audit procedures, and (c) enforcing disciplinary action when necessary.	Parts a and b: Implemented. Part c: Partially implemented. We were unable to determine in some cases, due to insufficient documentation, whether the Department was performing adequate follow-up on noted deficiencies. We will continue our follow-up in Fiscal Year 2003.
2000 Single Audit Rec. No. 13	Ensure payroll expenditures are accurate.	Implemented.
2000 Single Audit Rec. No. 14	Require documentation of supervisory approval on all time sheets for those employees eligible for overtime and shift pay.	Implemented.
2000 Single Audit Rec. No. 16	Eliminate duplicate payment and service provision systems for mental health services at the Regional Centers.	Implemented.
1997 Single Audit Rec. No. 9	The Division of Vocational Rehabilitation should (a) examine the types of services it purchases and develop a process for competitively bidding those services and (b) work with the Division of Purchasing to ensure that its new procedures comply in all respects with purchasing requirements.	Partially implemented. Concerns remain regarding payments made to one provider. We will continue our follow-up in Fiscal Year 2003.

Division of Child Support Enforcement

2000 Single Audit Rec. No. 61	Ensure appropriate actions are taken on child support cases.	Implemented.
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**Report and
Rec. No.**

Recommendation

Disposition

2000 Single Audit
Rec. No. 62

Continue to work with the counties that are not in compliance with state child support regulations, and impose sanctions on those counties that have ongoing problems with compliance and that do not make good faith efforts to improve.

Deferred. We will continue our follow-up in Fiscal Year 2003.

Department of Labor and Employment

2001 Single Audit
Rec. No. 14

Isolate and identify the indirect allocation charges for federal grants and perform a reconciliation to the State's financial reporting system periodically.

Implemented.

2001 Single Audit
Rec. No. 81

Improve coordination efforts between Welfare-to-Work, Temporary Assistance to Needy Families (TANF), and other employment programs in the State.

Partially implemented. The Department has not formalized its relationship through memoranda of understanding with its state partners involved in TANF, the Food Stamp Employment and Training Program, and other unemployment programs. We will continue our follow-up in 2003.

2001 Single Audit
Rec. No. 82

Identify and implement solutions to ensure timely delivery of payroll documents to Welfare-to-Work clients.

Implemented.

**Report and
Rec. No.****Recommendation****Disposition**

2001 Single Audit
Rec. No. 83

Improve how the State's Welfare-to-Work programs are monitored.

Partially implemented. Department staff did not receive the annual reports from regions with subrecipients by September 30, 2001. However, as a result of the follow-up audit, staff obtained updates from the two regions with subrecipients. The Department should ensure that regions submit information on an annual basis that shows that they are monitoring their subrecipients. The Department did not provide documentation showing that staff follow up on recommendations made by the Department and the U.S. Department of Labor to regions related to the Welfare-to-Work Program.

2001 Single Audit
Rec. No. 84

Ensure that workforce regions maintain complete and accurate records on Welfare-to-Work clients.

Implemented.

Department of Military Affairs

2001 Single Audit
Rec. No. 15

Improve oversight of financial activity and ensure controls over accounting functions are adequate.

Deferred. We will continue our follow-up during Fiscal Year 2003.

2001 Single Audit
Rec. No. 16

Reduce delays in processing transactions.

Partially implemented. The Department established procedures which have reduced delays in its processing of transactions. In addition, the Department is currently developing a procedures manual for program managers and has taken steps to update its capital assets. We will continue our follow-up during Fiscal Year 2003.

**Report and
Rec. No.**

Recommendation

Disposition

Department of Natural Resources

Oil and Gas Conservation Commission

2001 Single Audit
Rec. No. 17

Ensure that all certificates of deposit are in compliance with statutory and other legal requirements by (a) determining whether they are being held in eligible public depositories, (b) notifying operators of the need to move existing certificates of deposit, (c) enforcing the transfer of all certificates of deposit to eligible public depositories, and (d) working with the Attorney General's Office to determine who should be designated as the official custodian of the certificates of deposit.

Implemented.

Division of Wildlife

2001 Single Audit
Rec. No. 18

Improve controls to reduce the number of cancelled payments by (a) ensuring applicant information is correct, (b) cross-checking between returned limited license refund checks and returning applicants, (c) following up on returned limited license refunds, (d) documenting the reason for a duplicate payment, and (e) documenting the reason for cancelling a warrant.

Parts a, b, and c: Deferred. The Division plans to implement an on-line Point of Sale Licensing system and plans to have the system operational by Fiscal Year 2003. We will continue our follow-up in Fiscal Year 2003.

Parts d and e: Not implemented. See current year Recommendation No. 12.

2000 Single Audit
Rec. No. 22

Improve controls over license inventory by (a) reducing excess license inventories and (b) tracking voided licenses separately.

Deferred. The Division plans to implement an on-line Point of Sale Licensing system and plans to have the system operational by Fiscal Year 2003. We will continue our follow-up in Fiscal Year 2003.

**Report and
Rec. No.**

Recommendation

Disposition

Division of Minerals and Geology

2001 Single Audit Rec. No. 19	Perform a monthly reconciliation between internal databases and the State's accounting system for (a) mined land reclamation deposits and (b) cash receipts.	Implemented.
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2000 Single Audit Rec. No. 24	Ensure that all deposits are in compliance with statutory and other legal requirements that require deposits be held in public depositories.	Implemented.
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Department of Personnel and Administration

2001 Single Audit Rec. No. 20	Monitor sick and annual leave on a statewide basis by (a) reviewing the adequacy of leave tracking systems and (b) establishing a project schedule and deadlines for implementing a statewide automated leave system.	Deferred. The Department has developed a schedule to review all agency's leave tracking systems as part of its total compensation audits. These audits are scheduled to be completed in Fiscal Year 2003. The Department is in the process of evaluating a statewide leave tracking system. This system is being piloted at three departments. We will continue our follow-up in Fiscal Year 2003.
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2001 Single Audit Rec. No. 21	Should ensure that (a) the payroll process duties are segregated and (b) all divisions receive and review their payroll expense reports, and payroll staff review and verify that each division confirms the accuracy of its monthly and biweekly payroll in a timely manner.	Not implemented. See current year Recommendation No. 13.
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2001 Single Audit Rec. No. 22	Implement procedures to review Central Collections' supporting documentation prior to approval of payments.	Not implemented. See current year Recommendation No. 14.
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**Report and
Rec. No.**

Recommendation

Disposition

State Controller's Office

2001 Single Audit Rec. No. 23	Assess ongoing problems identified during audits, and assist agencies in addressing and resolving high priority problems.	Ongoing.
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2001 Single Audit Rec. No. 24	Record write-offs of uncollectible accounts receivable as a current year expense in the year in which the determination is made, unless evidence exists that attributes the adjustment to a prior period.	Ongoing.
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2001 Single Audit Rec. No. 25	Eliminate the prenotification requirement or reduce the time period to ensure initial EFT payments to vendors are made in a timely manner.	Implemented.
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State Archives

2001 Single Audit Rec. No. 26	Work with the General Assembly to establish standards for records management.	Deferred. Statutory changes concerning management of public records will be sought during the 2003 session. We will continue our follow-up in Fiscal Year 2003.
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2001 Single Audit Rec. No. 27	Require the submission of inventory listings of records stored and storage space used from each agency.	Deferred. Archives has begun a process to collect this information from agencies starting in July 2002. We will continue our follow-up in Fiscal Year 2003.
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2001 Single Audit Rec. No. 28	Improve communication regarding(a) records management policies and procedures, (b) purging and destroying records, and (c) maintenance and storage of records.	Partially implemented. Archives created a users group. As of July 2, 2002, two introductory meetings were held. We will continue our follow-up in Fiscal Year 2003.
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**Report and
Rec. No.****Recommendation****Disposition**

2001 Single Audit
Rec. No. 29

Convert the current cataloging system from a paper to an electronic format.

Deferred. Archives has looked at several commercial software programs and is in the process of evaluating them. We will continue our follow-up in Fiscal Year 2003.

2001 Single Audit
Rec. No. 30

Ensure that training is available to all agencies by (a) taking steps to publicize the type and nature of training that is available and (b) conducting general training sessions for all agency records officers.

Deferred. Archives plans to coordinate the annual training session with the Archive's user group. We will continue our follow-up in Fiscal Year 2003.

Central Services

2001 Single Audit
Rec. No. 31

Ensure that there is (a) proper segregation of duties and limited access to necessary functions by employees and (b) backups of application files and master data files stored off-site in case of a disaster.

Implemented.

Department of Public Health and Environment

1999 Single Audit
Rec. No. 20

Assemble a team with appropriate representatives to define the procedures for documenting application events, vendor responses, and communicating information. The team should follow up and report on findings of the Post Implementation Review.

Partially implemented. Procedures have been defined. A new Custom Accounts Receivable System (CARS) will be installed and tested during September 2002. The new system should be fully operational by December 31, 2002. We will continue our follow-up in Fiscal Year 2003.

Report and Rec. No.	Recommendation	Disposition
Health Facilities Division		
2001 Single Audit Rec. No. 85	Improve the home health and HCBS survey process by (a) requiring supervisors to review survey documents, (b) ensuring that surveyor performance evaluations include performance measures, and (c) improving record-keeping.	Implemented.
2001 Single Audit Rec. No. 86	Ensure that providers are surveyed timely and efficiently by (a) adding a cycle to the survey scheduling and tracking database, (b) requiring surveyors to document reasons for assigning survey cycles, (c) performing regular reviews of assigned cycles for appropriateness, and (d) resurveying new HCBS providers after the providers admit clients.	Implemented.
2001 Single Audit Rec. No. 87	Ensure that adequate documentation is maintained when changes are made to providers' deficiency lists.	Implemented.
2001 Single Audit Rec. No. 88	Work with the federal Health Care Financing Administration to clarify whether scope and severity coding is appropriate for home health deficiencies.	Implemented.
2000 Single Audit Rec. No. 63	Increase focus on quality of care and deficiency citing through training, supervision, and teambuilding.	Implemented.
2000 Single Audit Rec. No. 64	Improve its oversight of employee conflicts of interest by requiring staff to complete and update their conflict-of-interest statements.	Implemented.

**Report and
Rec. No.**

Recommendation

Disposition

Department of Public Safety

Division of Criminal Justice

2000 Single Audit Rec. No. 27	Develop procedures for tracking time worked so that salary charges to federal programs are adequately supported, and prorate exception time among federal programs in the same proportion as regular salaries.	Implemented.
2000 Single Audit Rec. No. 28	Develop a schedule so that audits of community corrections vendors are completed at least every three years.	Implemented.
2000 Single Audit Rec. No. 65	Ensure compliance with the Cash Management Improvement Act by making draws in accordance with the Agreement and including indirect costs proportionately in each drawdown.	No longer applicable.

Department of Revenue

2001 Single Audit Rec. No. 32	Ensure that only eligible individuals claim and receive TABOR credits by (a) identifying and billing individuals that were ineligible, (b) ensuring that taxpayers are eligible for the credits taken, and (c) processing only complete returns, or evaluating methods of ensuring that accurate credits are claimed should the taxpayer fail to submit the required schedules.	Not implemented. See current year Recommendation No. 18.
2001 Single Audit Rec. No. 33	Resolve outstanding check issues to ensure that taxpayers receive their personal property tax refunds in a timely manner.	Partially implemented. See current year Recommendation No. 21.

**Report and
Rec. No.****Recommendation****Disposition**

2001 Single Audit
Rec. No. 34

Enhance personal property tax refund procedures by (a) ensuring all the information furnished by the counties will be entered correctly and encouraging counties to file the report electronically and (b) providing additional training and assistance to counties.

Implemented.

2000 Single Audit
Rec. No. 32

The Department of Revenue's Tax Conferee Section should improve its tabulation process for recording revenue, payables, and receivables in the State's accounting system by requiring that schedules prepared for determining receivable and payable tax accruals be reviewed by a supervisor.

Implemented.

2000 Single Audit
Rec. No. 33

Improve its existing wage withholding accrual methodology so that it is consistently accruing taxes through June 30.

Deferred. There is no current year impact. We will continue our follow-up in Fiscal Year 2003.

Department of State

1999 Single Audit
Rec. No. 21

Strengthen the controls over financial transactions by performing and documenting timely reconciliations for property and equipment.

Implemented.

Office of the State Treasurer

2001 Single Audit
Rec. No. 35

Ensure that all custodial funds receive the proper amount of interest due by (a) identifying the custodial funds that should receive interest, (b) determining how much interest should have been paid to custodial funds for the past three fiscal years, and (c) determining the TABOR effect.

Implemented.

**Report and
Rec. No.****Recommendation****Disposition**

2001 Single Audit Rec. No. 89	Comply with CMIA regulations by maintaining proper documentation to support the State's direct cost claim.	Implemented.
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Department of Transportation

2001 Single Audit Rec. No. 36	Create a standard template to complete reconciliations of the Note proceeds bank accounts, and assign and train one individual to perform the reconciliations.	Implemented.
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2001 Single Audit Rec. No. 37	Should (a) ensure that leases are properly classified as operating or capital, (b) evaluate the completeness and accuracy of the operating lease summary, and (c) review the operating lease summary for accuracy at year-end.	Partially implemented. A checklist has been established and an informal employee inquiry is taking place to determine if any leases need to be reclassified. The Department will continue evaluating leases as they are renewed. We will continue our follow-up in Fiscal Year 2003.
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2001 Single Audit Rec. No. 90	Require field engineers to provide written communication of the number of interviews performed, as well as anticipated future interviews.	Partially implemented. A method to build the required interviews into the renewal process is being implemented. The Department anticipates that this should be fully integrated in 2003. We will continue our follow-up in Fiscal Year 2003.
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2001 Single Audit Rec. No. 91	Monitor and review entries to the pay system and payments made to contractors.	Implemented.
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**Report and
Rec. No.**

Recommendation

Disposition

1999 Single Audit
Rec. No. 22

Transfer custody of the credit card reconciliation program to the Information Technology Division and maintain it in accordance with the Department's procedures.

Partially implemented. Programming efforts for this activity are in process. These efforts have been segregated into phases. Phase 1 is complete. Phase II is scheduled for completion by June 30, 2003. We will continue our follow-up in Fiscal Year 2003.